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FISCAL IMPACT STATEMENT

LS 7955

BILL NUMBER: SB 536

NOTE PREPARED: Jan 13, 2005

BILL AMENDED:

SUBJECT: Skills 2016 Training Fund.

FIRST AUTHOR: Sen. Clark

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill transfers the Skills 2016 Training Fund (Fund) and the administration of the Fund to the Economic Development Corporation. The bill provides that money in the Fund is allocated to employers, educational institutions, and consortiums for worker training grants. The bill abolishes the Incumbent Workers Training Board and repeals obsolete statutes concerning the Fund.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Summary:* The bill eliminates the Incumbent Workers Training Board and the oversight by the Unemployment Insurance Board for disbursements by the Training Board from the Skills 2016 Training Fund. The bill transfers all responsibility for administration and funding decisions relating to the Skills 2016 Training Program and the Training Fund to the Indiana Economic Development Corporation (IEDC). Current statute establishes the IEDC and the IEDC Board, and transfers the responsibilities of the Indiana Department of Commerce (IDOC) relating to economic development in Indiana to the IEDC as of July 1, 2005.

The bill also eliminates specific allocations of money in the Skills 2016 Training Fund to Ivy Tech State College for training and apprenticeship programs, and to Incumbent Worker Training Programs. The bill requires that after payment of assessment refunds, the money in the Training Fund is to be allocated to employers, educational institutions, or consortiums for worker training grants.

In FY 2004, the Training Fund received \$16.0 M from the 0.09% assessment on unemployment insurance wages of employers. As of January 11, 2005, assessments to the Training Fund for FY 2005 total about \$2.5

M. The FY 2004 ending balance in the Training Fund totaled about \$32.7 M. The balance as of January 11, 2005, is about \$31.5 M.

Background: The Skills 2016 Training Program is established to: (1) improve manufacturing productivity levels in Indiana; (2) enable firms to become competitive by making workers more productive through training; (3) create a competitive economy by creating and retaining jobs; (4) encourage the increased training necessary because of an aging workforce; (5) avoid potential payment of unemployment compensation by providing workers with enhanced job skills. The Program is funded through an assessment on unemployment insurance taxable wages of employers. Under current statute, the unemployment insurance rate was reduced by 0.1% beginning in 2002 and an assessment of 0.09% has been assessed for the Skills 2016 Training Program. These provisions are not changed by the bill.

Under current statute, the Incumbent Workers Training Board administers the Skills 2016 Training Fund and the Department of Workforce Development must provide staff support for Board. The Board consists of four members appointed by, and serving at the pleasure of, the Governor. One member each is to be appointed from a list of nominees provided by the UAW Region 3, the Indiana AFL-CIO, the Indiana Manufacturers Association, and the Indiana Chamber of Commerce. The Board makes recommendations to the Unemployment Insurance Board for disbursements to programs from the Fund. Current statute specifies that 55% of the money in the Skills 2016 Training Fund is to be allocated to Ivy Tech State College for use in providing training and apprenticeship programs. The remainder of the money in the Fund is to be used for refunds of erroneously paid training assessments and for other incumbent worker training programs.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation; Department of Workforce Development; Unemployment Insurance Board; Incumbent Workers Board.

Local Agencies Affected:

Information Sources:

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